Investment by PSUs in other PS Us

1476. SHRI RAJEEV SHUKLA: Will the Minister of DISINVESTMENT be pleased to state:

(a) whether it is a fact that the Public Sector Undertakings are being allowed to invest in other Public Sector Undertakings in the disinvestment process;

(b) if so, the details thereof and the reasons therefore;

(c) what benefits Government will derive in such deals;

(d) whether such decisions will affect dividends payable to Government; and

(e) if so, the details thereof?

THE MINISTER OF DISINVESTMENT (SHRI ARUN SHOURIE): (a) and (b) On the basis of the criteria decided for the qualification of bidders for acquiring stakes in any Public Sector Undertaking slated for disinvestment, any company, in private or public sector, can take part in a competitive bidding process. However, depending on the unique features of a case, and taking into consideration all relevant factors including monopoly issues. Government can always impose reasonable restrictions in specific cases, in public interest and in the interest of privatisation of "non-strategic" PSUs.

(c) Depending on the case, the PSUs buying the stake may be benefited by way of synergy between the two companies.

(d) and (e) The dividend payable by any PSU for a particular period is. decided, keeping in view various factors like profits, availability of funds etc. As such, whether purchase of a PSU-stakc by another PSU will affect the dividend paying capacity of the purchaser, in the long run, cannot be precisely estimated.